



Montgomery County Council

From the Office of Council President Valerie Ervin

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Contact: Sonya Healy 240-777-7970

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County Council President Valerie Ervin's Statement on Montgomery Having Its AAA Bond Rating Reaffirmed

ROCKVILLE, Md., July 26, 2011—Montgomery County Council President Valerie Ervin's statement on Montgomery County once again earning AAA bond ratings from the three major bond-rating agencies:

The decision by the three bond rating agencies—Standard & Poor's, Fitch and Moody's—to reaffirm the County's AAA bond rating and stable outlook is excellent news. It validates the Council's hard work over the past year to address the County's structural budget challenge and strengthen the County's economy.

The Council took several actions as part of a Fiscal Protection Package to make the budget sustainable in future years and protect the AAA bond rating. These actions include:

- \$49.8 million to pre-fund retiree health benefits for all agencies (compared to 0 in FY11)
- \$31.0 million in PAYGO (cash to replace bonds) in the capital construction program (compared to 0 in FY11)
- \$5.9 million in a new reserve for storm and snow removal costs (compared to 0 in FY11)
- Structural changes to employee group insurance and retirement benefits to save \$33 million in FY12 and \$273 million in FY12-17
- Reduction in the annual bond issuance ceiling from the level set last year, \$325 million in FY11-16, to \$310 million in FY12 and \$320 million in FY13-16
- Reserves of 6.1 percent pursuant to the policies adopted last year to strengthen the County's reserves

The Council also took other important steps not proposed by the Executive. These include revised retiree health benefits for new employees, a consolidated interagency trust to pre-fund retiree health benefits, reform of disability retirement, changes to the collective bargaining laws and the decision not to seek a waiver from the State's Maintenance of Effort law for school funding.

To strengthen the economy, the Council approved the vital new Great Seneca Science Corridor and White Flint master plans. Other plans, including the East County Science Center, are in the works. The Council will continue these efforts, and our work on the structural budget challenge, to ensure that the County remains AAA for years to come.

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